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Romania

Grain and Feed

June Update

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Approved by:

Brian Goggin
U.S. Embassy Bucharest

Prepared by:

Cristina Cionga

Report Highlights:

Favorable weather conditions have contributed to a positive outlook on MY 2004/2005 crop harvests for Romanian wheat - 6.1 MMT, barley - 1.25 MT (both winter barley and two-row barley), and corn - 9.3 MMT. Unlike the previous year, when Romania imported about 1.9 MMT of wheat and significant amounts of barley and corn, production is expected to meet domestic demands and traders are planning to export some grains this year. As winter crop development was very timely aided by substantial rainfalls in May and June in most growing regions, FAS Bucharest revises up its May estimated average yields as follows: 3.4 MT/HA (from 2.8 MT/HA) for wheat; 3.5 MT/HA for winter barley (from 3.1 MT/HA); 3.1 MT/HA (from 2.9 MT/HA) for corn.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Sofia [BU1]
[RO]

Weather conditions

Weather conditions were favorable for grain and feed crop development. The National Meteorological Institute reported adequate levels of precipitation from early May to mid-June, indicating that precipitation during this period was about 20 percent above the long-term average. This extra 20 percent has partially replenished soil moisture reserves which were depleted in 2003--aiding the development of winter wheat and barley, and planting of corn.

For the first half of June, strong showers and hail storms are forecast to trigger significant soil moisture increases of 20 liters per square meter in many parts of northern Moldova and Transylvania, as well as central, southern and southwestern regions. Hail hit isolated spots in the southwestern part of Romania (Oltenia) and in Moldova, already producing some crop damage, while similar phenomena are expected in some other regions.

Barley

Barley harvesting is expected to begin in the second half of June. Given that soil moisture levels were close to optimum in the majority of the regions (excepting parts of northern Romania, with topsoil dryness) yields for winter barley are expected to average 3.5 MT/HA on the over 180,000 HA planted, resulting in a total production of about 650,000 MT. An additional 440,000 MT of spring two-row barley and 145,000 MT of winter two-row barley will raise total barley production to over 1.2 million MT. An approximate breakdown for how the barley from this crop will be used is as follows: 80,000 MT seed, 230,000 MT commercial feed, 270,000 MT feed on farm, 350,000 MT malt, and 320,000 MT exports.

Wheat

The MY 2004/2005 wheat harvest in Romania is expected to begin in early July. According to the Ministry of Agriculture sources, about 500,000 MT of seed were used for this year's crop. Under the price reduction scheme for the use of certified seeds, disbursements were made for planting approximately 1 million HA of wheat (the unit subsidy being of about \$1.2/kilo of certified seed), and 20,000 HA of two-row barley (the corresponding unit subsidy being of \$0.9/kilo).

FAS Bucharest estimates this year's wheat crop will average yields of 3.4 MT/ha on 1.8 million HA, resulting in a total production of 6.1 million MT. This will exceed domestic consumption with more than 1 MMT, but it is hard to anticipate what will be the prevailing price at harvest time. This issue has been hotly disputed lately among the producers and their partners in the milling and baking industry, especially as unprecedented high prices in the MY03/04 raised farmers' expectations. The typical situation is that processors buy just as much as they need and they usually lead the price formulation. Romania will very likely regain some of its grain markets in the Middle East and the Mediterranean region, although competition will be high due to the large exportable surplus of the EU-25. Moreover, domestic crop quality may be affected by excessive rains, likely to cause fungus and sprout-damage.